

(3) *Lender location.* Each lender must maintain an office (either its main or branch office or that of an agent) near enough to the collateral's location so it can properly and efficiently discharge its loanmaking and loan servicing responsibilities.

(4) *Conflict of interest.* The Agency shall determine whether such ownership or business dealings are sufficient to result in a conflict of interest or an apparent conflict of interest. All lenders will, for each proposed loan, inform the Agency in writing and furnish such additional evidence as the Agency requests as to whether and the extent for those loans covered by Form RD 449–35, the lender or its principals or officers (including immediate family) or the borrower or its principals or officers (including immediate family) hold any stock or other evidence of ownership in the other.

(i) For those loans covered by Form FmHA or its successor agency under Public Law 103–354 449–35, the lender or its principal officers (including immediate family) or the borrower or its principals or officers (including immediate family) hold any stock or other evidence of ownership in the other; or

(ii) For Farm Credit Programs loans covered by Form FmHA or its successor agency under Public Law 103–354 1980–38, the lender or its officers, directors, principal stockholders or other principal owners or the borrower or its officers, directors, stockholders or other owners have any business dealings with, or hold any stock or other evidence of ownership in, the other.

(5) *Debarment.* See subpart M of part 1940 (available in any Agency or its successor agency under Public Law 103–354 office).

(c) *Substitution of lenders.* With written concurrence of the Agency or its successor agency under Public Law 103–354, another eligible lender may be substituted for a lender who holds an outstanding Conditional Commitment provided the borrower, loan purposes, scope of project and loan terms remain unchanged.

[48 FR 30947, July 6, 1983, as amended at 50 FR 39884, Sept. 30, 1985; 54 FR 14334, Apr. 11, 1989; 58 FR 34307, June 24, 1993; 60 FR 53255, Oct. 13, 1995; 61 FR 67633, Dec. 23, 1996; 64 FR 7402, Feb. 12, 1999]

§§ 1980.14–1980.19 [Reserved]

§ 1980.20 Loan guarantee limits.

(a) Lenders and applicants will propose the percentage of guarantee. The Agency will set the percentage of guarantee. The maximum percentage of guarantee will be ninety percent. Also, the maximum loss covered by Form RD 449–34 (available in any Agency office) can never exceed the lesser of:

(1) The percentage of guarantee of principal and interest indebtedness as evidenced by said note(s) or by assumption agreement(s), any loan subsidy due, and the percentage of guarantee of principal and interest indebtedness on secured protective advances for protection and preservation of collateral made with the Agency or its successor agency under Public Law 103–354's authorization; or

(2) The percentage of guarantee of the principal advanced to or assumed by the borrower under said note(s) or assumption agreement(s) and any interest due (including any loan subsidy) thereon.

(b) The Agency or its successor agency under Public Law 103–354 will determine the percentage of guarantee after considering all credit factors involved, including but not limited to:

(1) *Applicant's management.* The applicant's management, and when appropriate, equity capital, history of operation, marketing plan, raw material requirements, and availability of necessary supporting utilities and services.

(2) *Collateral.* Collateral for the loan.

(3) *Financial condition.* Financial condition of applicant or applicant's principals if appropriate.

(4) *Lender's exposure.* The lender's exposure before and after the loan.

(5) *Trends and conditions.* Current trends and economic conditions.

[54 FR 1548, Jan. 13, 1989, as amended at 54 FR 42482, Oct. 17, 1989; 55 FR 137, Jan. 3, 1990; 58 FR 34307, June 24, 1993; 60 FR 53255, Oct. 13, 1995; 61 FR 67633, Dec. 23, 1996; 62 FR 9357, Mar. 3, 1997; 64 FR 7402, Feb. 12, 1999]

§ 1980.21 Guarantee fee.

The fee will be the applicable rate multiplied by the principal loan amount multiplied by the percent of guarantee, paid one time only at the